

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY LIMA PRIORITY

C O N F I D E N T I A L STATE 029987

STADIS//////////

E.O. 11652: GDS

TAGS: XMB, PE

SUBJECT: EXIMBANK AND PERU

1. MESSAGE FROM EXIM PRESIDENT JOHN MOORE TO AMBASSADOR
EXPLAINING JANUARY 26 EXIM DECISIONS COMING SEPT. THIS
CABLE CONTAINS ADDITIONAL INFO FOR AMBASSADOR AND TALKING
POINTS FOR USE AS APPROPRIATE WITH GOP OFFICIALS AND WITH
PERUVIAN BANKS.

2. FYI FOR AMBASSADOR: BOTH STATE AND TREASURY MADE
SUBSTANTIAL EFFORT TO GET EXIM TO BE MORE FORTHCOMING. OUR
LIMITED SUCCESS WAS DUE IN PART, WE BELIEVE, TO VIEWS
REPORTEDLY EXPRESSED AT JANUARY BERNE UNION MEETING
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(ATTENDED BY EXIM REP) TO EFFECT PERU'S SITUATION SO
PERILOUS AS TO MAKE IT SECOND ONLY TO TURKEY AS LIKELY
CANDIDATE FOR RESCHEDULING. EXIM HAS BOTH SHORT- AND LONG-
RANGE CONCERNS ABOUT PERU'S SITUATION. (AS EXAMPLE OF
LATTER, EXIM BOARD MENTIONED ANCHOVY AND COPPER
FUTURE OF BOTH ANCHOVY AND COPPER SECTORS.) PERUVIAN

PERFORMANCE UNDER THE IMF STANDBY WILL BE FIRST STEP IN DETERMINING EXIM'S ATTITUDE. IF UPCOMING IMF TEAM VISIT INDICATES CONTINUED PERUVIAN ADHERENCE TO TERMS OF IMF

STANDBY, DEPARTMENT WILL RENEW EFFORT TO HAVE EXIM FURTHER LIBERALIZE POLICY TOWARDS PERU.

3. TALKING POINTS FOR USE WITH PERUVIAN GOVERNMENT:

A. USG BELIEVES PERU IS ATTEMPTING TO DEAL CONSTRUCTIVELY WITH ITS ECONOMIC PROBLEMS AND WISHES TO BE SUPPORTIVE OF THIS ATTEMPT. HOWEVER, EXIM IS AN INDEPENDENT AGENCY OF THE U.S. ALTHOUGH OTHER DEPARTMENTS SUCH AS STATE AND TREASURY CAN (AND DID IN PERU'S CASE) ADVISE EXIM AND ATTEMPT TO INFLUENCE ITS ACTIONS, FINAL DECISIONS ARE TAKEN BY EXIM.

B. THUS, EXIM'S PRESENT RESTRICTIVE POLICY TOWARDS PERU SHOULD NOT BE VIEWED BY GOP AS EVIDENCE OF NON-SUPPORTIVE OR HOSTILE USG POLICY TOWARDS IT.

C. WHEN PROVIDING FINANCING EXIM IS REQUIRED BY LAW TO FIND "REASONABLE ASSURANCE OF REPAYMENT." EXIM IS EXTREMELY CONCERNED WITH PERU'S PRESENT ECONOMIC POSITION, WHICH IN ITS VIEW CALLS INTO QUESTION REASONABLE ASSURANCE OF REPAYMENT. THUS, CONTINUED GOP PROGRESS IN DEALING WITH ITS ECONOMIC PROBLEMS, SPECIFICALLY CONTINUED COMPLIANCE

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WITH TERMS OF THE IMF STANDBY, WILL BE ESSENTIAL FOR EXIM TO RESUME MORE LIBERAL POSTURE TOWARDS PERU.

D. AS PERU CONTINUES TO DEMONSTRATE PROGRESS IN DEALING WITH ITS ECONOMIC PROBLEMS, EMBASSY WILL ENSURE THAT EXIM HAS UP-TO-DATE INFORMATION ON WHICH TO BASE ITS DECISIONS.

4. TALKING POINT FOR USE WITH PERUVIAN BANKS:

-- EXIM'S RESTRICTIVE POLICY IN NO WAY REFLECTS ADVERSELY ON BANKS THEMSELVES, FOR WHOM EXIM HAS HIGH REGARD. POLICIES REFLECT ONLY EXIM'S CONCERN OVER "REASONABLE ASSURANCE OF REPAYMENT" WHICH ARISES FROM PERU'S OVERALL ECONOMIC SITUATION.

5. FYI: EMBASSY HAS TEXT OF MOST RECENT MESSAGE FROM EXIM TO BANCO INDUSTRIAL, QUOTED IN LIMA 284. LAST EXIM COMMUNICATION TO BANCO WEISE, DATED JANUARY 6, 1978, ANNOUNCED APPROVAL OF FIVE SUB-LOANS AND ADDED FOLLOWING:

QUOTE--IT SHOULD BE NOTED THAT EXIMBANK RESERVES THE RIGHT TO DENY ANY INDIVIDUAL CFF REQUESTS. FOR THIS REASON, YOU SHOULD NOT COMMIT YOUR FINANCING UNTIL YOU HAVE RECEIVED EITHER EXIMBANK'S PRELIMINARY OR FINAL APPROVAL OF EACH CREDIT REQUEST.

BY MEANS OF THIS ADVICE WE WISH TO INFORM YOU THAT BECAUSE OF THE UNCERTAINTY OF THE AVAILABILITY OF FOREIGN EXCHANGE IN PERU FOR FUTURE DEBT PAYMENTS, EXIMBANK IS NOT PREPARED TO APPROVE ANY ADDITIONAL REQUESTS FROM YOUR BANK FOR CREDITS UNDER YOUR CFF CREDIT LINE AT THIS TIME. WE WILL NOTIFY YOU WHEN WE ARE PREPARED TO CONSIDER ADDITIONAL CREDIT REQUESTS.

EXIMBANK IS FORWARDING SIGNED, EXECUTED EXPORT LOAN
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AGREEMENTS UNDER SEPARATE COVER.--UNQUOTE

BANCO WEISE SUBSEQUENTLY NOTIFIED EXIM IT HAD IN INTERIM GOTTEN OTHER FINANCING FOR FIVE BORROWERS AND NO LONGER NEEDED APPROVED DRAW-DOWNS ON CFF. VANCE

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